

Delmarva Rail Summit – May 11, 2010

The Eastern Shore is a unique region

****Snow responsible for 72 chicken house roofs crushed**

*** Tough winter for everyone on the shore**

Perdue-Sharon Clark

- 42 facilities are located on rail
- 21 are on 15 short lines
- Corn increase – 3%
- Ethanol is fastest growing product in 26 states because of energy legislation, and have two destination plants
- 185 operating refineries today
- Export – increasing this year
- Organic fertilizers on golf courses an important product
- Trying to buy all the origin corn they can
- Users Unit Trains in other states
- What do we want the Delmarva to look like in 10-15 years? LAND USE!!!!
 - State Planners – Suburbs
 - Agriculture
 - Eastern Shore

Allens – Dennis Cross

- New Mill in Seaford with 75-car track – need land mass – track is a mile long
- 2 mills in North Carolina
- 2009 - 32 trains = 10 million bushels of corn
- 2010 – looks to be about the same as 2009
- Commodity swing cause trouble
- Animal industry – 2 year slump
- Worst down cycle in the market in 30 years

Schagrin Gas – Andrew Lambert

- Looking for new location in Sussex County
- 2 Terminals
- Propane importing very important because of Delaware City shutting down
- Trucking propane is cost prohibitive
- Marcella Shelf looks good for supply
- Someone may buy Delaware City, but will only be used for production, not storage
- NO STORAGE HURTS

NRG Energy (Indian River)

- 3 of 4 facilities will shut down at some point
- Coal still coming but from further out
- Not going to close as predicted last year

Delaware Coast Line Railroad – Dan Herholdt

- Schagrin Gas is a customer
- New industrial park in Georgetown has increased their business
- Continues to provide service to SPI Pharma in Lewes
- DCL has seen 3 years growth
- New customer – Baker Propane
- Poultry is a good portion of their business

Norfolk Southern – Rick Crawford

- Traffic levels are down but business is picking up on agricultural side
- NS CEO has committed to maintenance from Delaware to Pocomoke
- Should be or will be 25 MPH = 1 train crew
- Delaware Coast Line – Putting in siding for propane
- H&K – Fruitland MD – Stone transfer facility – Negotiations
- Wallops Island
- Chesapeake Connector – NEC capacity – In Amtrac's Master Plan

Commercial Development – Charlie Barker

- PTC will be required on NEC/Amtrac in 2011...NS trains also
- Hazmat is handled by NS – They do not unload on their property
- NS was asked if customers will be charged additional charge for hazmat...TBD
- NS would like to bring building products onto the shore
- NS is part of multi-modal movement (bulk, 500-700 miles intermodal)
- Customer usually needs facility (siding)

Secretary of DelDOT – Carolann Wicks

- Need to keep elected officials on point as to the economic challenges and job opportunities that rail means to Delaware
- Delaware has received a grant from FRA to look at intercity passenger rail from Wilmington to OC
- DelDOT undertaking a major renovation project at Wilmington Train Station
- Rail has gained increasing national attention and is expected to get greater attention in the next re-authorization

SHORT LINE RAILROADS

Maryland & Delaware Railroad – Eric Callaway

- MDDE had 5 derailments because of the snow – very costly
- \$20 million export from northern counties this year
- Have retained a new propane customer
- Looking to increase cars with Tri-gas
- Monsanto has a new corn plant with a 300' root...drink water deep...grown cheap
- 60% of cars are owned privately
- 99% of tank cars are company owned
- MDDE feels the tax credit is useful funding mechanism

Baycoast Railroad – Larry LeMond

- Operate 5 miles in Maryland – Float 26 miles across the bay
- 2009 – down 35%
- 2010 – up 40%
- Virginia barge – 61 years old-needs \$1M work (75% VPA grant; 25% railroad match). Should be back in service 3rd Quarter 2010
- Doing trans loads for Wallops now
- Additional track is needed - \$20 million – Bridges & Track – 6 ½ miles
- Regulations are hurting the short lines: HOS & PTC
- There needs to be some common sense from Washington in overburdening the short lines with federal regulations
- The Tax Credit is useful funding mechanism
- *20% of traffic originates/terminates on short lines*

Winchester/Western Railroad – Fred Winkler

- Propane and sand doing very well on the NJ side
- History is repeating itself...light rail in Bordentown, NJ – 10,000 passengers/day
- Moving to public transportation

State DOT's

State of Virginia – Jeremy Latimer

- 2 basic funds they use – Preservation Fund and Rail Enhancement Fund
- This is the first year Virginia can't fund all their projects
- The Rail Enhancement Fund is funded by tax on rental cars - \$24 million this year
- The Preservation Fund provided funding up to \$300,000 requiring no match
- Matches can come from Class I's, localities, companies
- Localities may only receive \$450,000 annually

State of Delaware – Bobbie Geier

- Delaware has begun to update their State Rail Plan
- Consultant helping them with the plan
- Sent shipper surveys out for information
- Working with Maryland on the Delmarva Regional Freight Economic Study

State of Maryland – Debbie Bowden, Jeannie Fazio, Rick Johnson

- The Delmarva Regional Freight Economic Study is a collaborative effort with MDOT, DelDOT, Salisbury MPO, and VDOT to study freight movement and its economic impact on the Delmarva Peninsula.
- They are going to ask “What If?” questions:
 - What if there is no rail service south of the Northeast Corridor at Wilmington, Delaware?
 - What if there is no barge service serving the region?
 - What if Baycoast Railroad car floats disappears?
 - What impact does the increase/decrease/fluctuation of fuel prices have on trucking/rail/barge?
- Project completion is expected by October.
- Cambridge Systematics is currently running all the projects listed in The State Rail Plan through their cost-benefit model.
- The final draft will be taken out on outreach meetings with stakeholders for comment.
- Given the attention on our State Freight Plan and all that the plan shows we can do, it is critical that we make our best effort to implement this plan.
- OFL and OCP have taken the past few months to devise what has become a four point approach that we’ve vetted internally:
 - County and Local Jurisdiction Introductions to the SWFP
 - IAC Policy and Project Teams
 - Outreach to Relevant Organizations
 - Participation in National Efforts
- The Statewide Freight Plan (SFP) is Maryland’s first multi-modal freight plan

Economic Development – Delaware

Julie Wheatly, Sussex County Economic Development

- Bridgeville – New facility expanded to include manufacturing of parts of grain silos
- Baker Petroleum – 19 acres, H1 industrial along the rail. A lot of resistance from community. 19 more acres available.
- Dredge the Nanticoke – 1992 was the last time it was dredged. It is on the Army Corps. Schedule. You will be able to barge or rail, then ship out.

- NRG – Turbines in the water. All ideas around a rail. Trying to get solar parts.
- How to get the big equipment into Wallops?
- Aberdeen Proving Ground is part of this
- Delaware Solid Waste (DSW) Authority are increasing their tipping fees
- Invest in Seaford
- Off shore wind farms

Dan Wolfenberger, Kent, County, DE

- Preserve the jobs we have
- We have to stop nickeling and diming the customers

Karl Kalbacher, New Castle Economic Development

- Most populated
- Fisker coming in with 3,000 jobs recreated by 2015
- University of Delaware – Technology Center
- From Baltimore County 50,000 people for Aberdeen
- We should “Build it and get out of the way”

Economic Development - Maryland

Mindy Burgoyne, Maryland Department of Economic Development

- Sustainable jobs are linked to agriculture
- Allen’s & Purdue
- Health care & defense contractors are fastest growing
- Technology – Trying to attract
- Agriculture - What we have

Jerry Redden, Worcester County

- 97% protected land in the county
- Revolving loan program
- Preserve the rail infrastructure we have
- \$12 million from tourist a year